

Message Text

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17

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CINCLANT AND CINCUSNAVEUR FOR POLADS

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TAGS: PGOV, PINR, MA, US

SUBJECT: RATSIRAKA OUTLINES NEW GOVERNMENT'S DOMESTIC POLICIES:

ANNOUNCES IMMEDIATE NATIONALIZATION OF BANKS AND INSURANCE COMPANIES

REF: TANANARIVE 1062

SUMMARY: NEW MALAGASY CHIEF OF STATE DIDIER RATSIRAKA IN VIGOROUS AND FORCEFUL PRESENTATION JUNE 16 DECLARED THAT SOCIALISM WILL BE HIS GOVERNMENT'S BASIC DOMESTIC POLICY, BEGINNING WITH THE IMMEDIATE NATIONALIZATION OF BANKS AND INSURANCE COMPANIES IN MADAGASCAR. AT SAME TIME RATSIRAKA, WHO DESCRIBED HIMSELF AS "REVOLUTIONARY" AND THOROUGHLY "ANTI-IMPERIALIST" BY CONVICTION, SEEMINGLY TOOK PAINS TO STRESS

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THAT FUTURE NATIONALIZATIONS WILL NOT BE PRECIPITATE, AND HE

INDICATED HE STILL ENVISAGES A ROLE FOR THE PRIVATE SECTOR IN HIS SCHEME OF THINGS, INCLUDING PRIVATE FOREIGN INVESTMENT. RATSIRAKA IN FIRM CONTROL. RADICAL STUDENTS HAVING FIELD DAY. END SUMMARY.

1. AT TELEVISED CEREMONY STAGED JUNE 16 TO ANNOUNCE COMPOSITION OF NEW CABINET AND SUPREME REVOLUTIONARY COUNCIL (REFTTEL), NEW MALAGASY CHIEF OF STATE DIDIER RATSIRAKA ALSO OUTLINED PRINCIPAL DOMESTIC POLICIES HE PLANS TO PURSUE.

2. SPEAKING LARGELY EXTEMPORANEOUSLY AND FORCEFULLY, RATSIRAKA FIRST EXPLAINED TO THE NATION HOW HE, A NAVAL OFFICER, HAD BECOME A "REVOLUTINARY," AS HE PUT IT. HE SAID THAT AS A STUDENT AND NAVAL CADET IN FRANCE IN THE 1950'S, HE HAD PERSONAL EXPERIENCE OF DISCRIMINATION, AND WAS GREATLY IMPRESSED BY ALGERIAN AND VIETNAMESE STRUGGLES FOR LIBERATION FROM FRENCH COLONIALISM. LATER, AS CADET-TRAINEE ON FRENCH NAVAL VESSELS, HE VISITED SOUTHEAST ASIA AND AFRICA AND SAW FIRSTHAND PERNICIOUS EFFECTS OF RACISM, COLONIALISM, AND IMPERIALISM. THESE EXPERIENCES HAD MADE HIM A THOROUGH-GOING REVOLUTIONARY "ANTI-IMPERIALIST" BY CONVICTION, AND EXPLAINED POLICIES HE PURSUED ON BECOMING FOREIGN MINISTER IN THE GOVERNMENT OF GENERAL RAMANANTSOA (1972-75): RUPTURE OF MADAGASCAR'S SPECIAL TIES WITH FRANCE, SUPPORT FOR THE "NON-ALIGNED" BLOC OF COUNTRIES AND NATIONAL LIBERATION MOVEMENTS; WITHDRAWAL OF MADAGASCAR FROM THE FRANC ZONE, AND THE LIKE. SUCH MEASURES, HE ADDED, ARE DEFINITIVE; "THE REVOLUTION IS IRREVERSIBLE."

3. RATSIRAKA THEN ANNOUNCED THAT TO OVERCOME SOCIAL AND ECONOMIC INEQUALITIES, WHICH HE SAID ARE MADAGASCAR'S MAIN PROBLEM, (RATHER THAN TRIBALISM AS CLAIMED BY SOME) HIS NEW GOVERNMENT HAS CHOSEN TO FOLLOW "THE ROAD OF SOCIALISM." AS FIRST SPECIFIC MEASURES OF NEW PROGRAM, HE ANNOUNCED IMMEDIATE NATIONALIZATION OF ALL BANKS AND INSURANCE COMPANIES, AS WELL AS IMPORT AND DISTRIBUTION OF MOVIES IN MADAGASCAR. FURTHER PROGRESSIVE NATIONALIZATIONS WILL TAKE PLACE OVER TIME, HE SAID, BUT HE ADDED, RATHER NOTABLY, THAT THE GOVERNMENT "CANNOT RUN EVERYTHING IN THE COUNTRY" AND "WE DO NOT NATIONALIZE FOR THE PLEASURE LIMITED OFFICIAL USE

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OF NATIONALIZING." AT A LATER POINT RATSIRAKA SAID HIS GOVERNMENT ACCEPTS THE PRINCIPLE OF "FAIR AND JUST COMPENSATION" FOR NATIONALIZED PROPERTIES; THAT FUTURE NATIONALIZATIONS WILL NOT BE PRECIPITOUS BUT THE SUBJECT OF NEGOTIATIONS BETWEEN THE PARTIES; AND THAT THE GOVERNMENT "CERTAINLY COULD COLLABORATE" WITH PRIVATE FOREIGN INVESTMENT AS LONG AS IT RESPECTS MALAGASY LAWS.

4. WITHOUT SPELLING OUT MUCH DETAIL RATSIRAKA THEN LISTED OTHER KEY POLICIES HE INTENDS TO PURSUE: DECENTRALIZATION OF THE GOVERNMENT; RELIANCE ON THE FOKONOLONAS (RURAL VILLAGE COUNCILS) AS THE CORNERSTONE OF THE GOVERNMENT'S DEVELOPMENT EFFORT; AND REFORM OF THE EDUCATIONAL SYSTEM, INCLUDING A POLICY OF REQUIRING ALL UNIVERSITY GRADUATES TO WORK AT LEAST A YEAR AND A HALF IN THE COUNTRYSIDE WITH THE PEASANTS BEFORE EMBARKING ON THEIR REGULAR CAREERS.

5. LOCAL PRESS JUNE 17 HEADLINES NATIONALIZATION OF BANKS AND INSURANCE COMPANIES IN REPORTING RATSIRAKA'S SPEECH. GENDARMES PHYSICALLY ENTERED LOCAL BANKS DURING SPEECH ON JUNE 16 TO EFFECT STATE INTERVENTION.

6. COMMENT: ALTHOUGH PARTS OF RATSIRAKA'S EXTEMPORANEOUS SPEECH OF JUNE 16 WERE FAIRLY RADICAL IN TONE (PARTICULARLY REMARKS ON HIS "ANTI-IMPERIALIST" CONVICTIONS), SUBSTANCE OF POLICIES OUTLINED IN SPEECH DOES NOT AMOUNT TO MAJOR CHANGE FROM POLICIES PURSUED BY GOMR SINCE 1972. GOVERNMENT'S INTENTION TO NATIONALIZE BANKS AND INSURANCE COMPANIES WAS ANNOUNCED BY FORMER CHIEF OF STATE GENERAL RAMANANTSOA AS LONG AGO AS SEPTEMBER 1973; AND DURING 1974 GOMR TOOK OVER MAJORITY OWNERSHIP IN TWO OF THE FOUR PRINCIPAL BANKS IN MADAGASCAR. ANNOUNCEMENT OF IMMEDIATE NATIONALIZATION OF ALL BANKS AND INSURANCE COMPANIES THEREFORE AMOUNTS TO ACCELERATION OF POLICY ALREADY DECLARED IN PRINCIPLE.

7. RATSIRAKA'S QUALIFYING REMARKS ON HIS GOVERNMENT'S NATIONALIZATION POLICY APPEAR NEARLY AS IMPORTANT AS THE NATIONALIZATIONS HE ACTUALLY ANNOUNCED. BOTH IN SPEECH AND IN LATER PRESS CONFERENCE, RATSIRAKA SEEMINGLY TOOK PAINS TO STRESS THAT WHILE HIS GOVERNMENT WILL UNDERTAKE SOME NATIONALIZATIONS, IT DOES NOT WISH TO MOVE PRECIPITOUSLY; LIMITED OFFICIAL USE

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THAT MOST NATIONALIZATIONS WILL BE STEP-BY-STEP AND NEGOTIATED; AND THAT "FAIR AND JUST COMPENSATION" WILL BE PAID. IN OTHER WORDS THE FUTURE BASIC POLICY OF THE GOVERNMENT WILL BE "SOCIALISM," BUT RATSIRAKA INDICATED HE INTENDS TO BE FLEXIBLE IN ITS APPLICATION, AND HE STILL ENVISAGES A ROLE FOR THE PRIVATE SECTOR, INCLUDING PRIVATE FOREIGN INVESTMENT, WITHIN THE FRAMEWORK OF A STATE-CONTROLLED AND STATE-DOMINATED ECONOMY.

8. RATSIRAKA'S NEW MINISTERS ARE ESSENTIALLY TECHNOCRATS AND HIS FELLOW SUPREME REVOLUTIONARY COUNCIL MEMBERS STRIKE US AS TAME MILITARY OFFICERS; NO REAL CHALLENGERS TO HIS AUTHORITY APPEAR TO BE IN HIS GOVERNMENT. GENERAL ANDRIA-MAHAZO MAY SERVE AS A BRAKE. RATSIRAKA HAS STYLE, SOMETHING LONG ABSENT FROM THE MALAGASY POLITICAL SCENE; HE KNOWS IT

AND EVEN SOPHISTICATED MERINA IN THE CAPITAL FIND THEMSELVES CAPTIVATED BY HIM.

9. WALLS IN TANANARIVE ARE BEING SPLASHED WITH ANTI-IMPERIALIST AND XENOPHOBIC GRAFFITI AND SIMILAR TRACTS ARE BEING WIDELY CIRCULATED. ONE TRACT THAT CAME INTO OUR HANDS ACCUSED U.S. AND FRENCH OF COMPLICITY IN RATSIMANDRAVA ASSASSINATION. RATSIRAKA WILL PROBABLY LET RADICAL STUDENTS HAVE THEIR FLING, BUT WE HOPE IT DOES NOT GET OUT OF HAND.
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